

**SALES AND USE TAX REVIEW COMMISSION  
RECOMMENDATION PURSUANT TO P.L. 1999, C. 416**

**BILL NUMBER:**

A-3885

**DATE OF INTRODUCTION:**

January 9, 2007

**SPONSOR:**

Assemblywoman Drew  
Assemblyman Albano.

**DATE OF RECOMMENDATION:**

June 28, 2007

**IDENTICAL BILL:**

S-2556

**COMMITTEE:**

Assembly Budget Committee

**DESCRIPTION:**

The Bill provides for a phase out of the imposition of sales and use tax for certain membership fees and dues.

**ANALYSIS:**

The New Jersey Sales and Use Tax Act was recently amended to impose tax on "initiation fees, membership fees or dues for access to or use of the property of facilities of a health and fitness, athletic, sporting or shopping club or organization in this State, except from membership in a club or organization whose members are predominantly age 18 or under."

This proposal intends to phase out the imposition over the span of two years at half the tax rate from January 1, 2008 to December 31, 2008 and with a scheduled sunset date of January 1, 2009.

As this area of imposition has just been enacted and effective as of October 1, 2006, this area is a new revenue source for the State. The Commission has not been presented with any reasoning compelling enough to support repeal of this new initiative.

**RECOMMENDATION:**

The Commission does not recommend enactment of this Bill.

**COMMISSION MEMBERS FOR PROPOSAL: 0**

**COMMISSION MEMBERS AGAINST PROPOSAL: 8**

**COMMISSION MEMBERS ABSTAINING: 0**